1938 General Letter No. 44

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

January 20, 1939

To All Administrative Officers and State Committeemen,
Agricultural Adjustment Administration,
Southern Region.

This office has been informally advised by representatives of the General Accounting Office that they will suspend any 1938 application for payment on which both a husband and wife are shown as applicants, unless the payment computed for each such person is in excess of $200 or a statement is attached showing that each is entitled to apply for payment in his or her own right and that such is not an effort to receive an increase in payment under section VII of SRB-201, as Amended. Such statement must also show who owns the land in question, whether the husband and wife were both shown as separate applicants on the 1937 application, and describe the lease(s) or operating agreement(s) under which the husband and wife are farming, and must be signed by both the husband and wife and approved by at least two members of the county committee.

If the husband and wife did in fact jointly conduct the farming operation as partners or as owners of community property, the partnership or the two persons owning the property in community, as the case may be, should be shown on the application as one applicant.

Please call this matter to the attention of the county offices, and request that any application on which both a husband and wife are applying for payment as individuals be thoroughly investigated by the county committee before such application is approved.

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

1938 General Letter No. 45

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

January 12, 1939.

To All Administrative Officers and State Committeemen,
Agricultural Adjustment Administration,
Southern Region:

Re: Supplemental applications under 1938 Agricultural Conservation Program.

In cases where one or more applicants failed to sign an application for payment, Form SR-209 or SR-214, your State office will, under the existing procedure, prepare a Form SR-217 setting forth the amount of payment which may be made to each such individual if and when he submits a properly executed supplemental application.

We have been informally advised by representatives of the General Accounting Office that they will not require that a supplemental application show information in Section V for any producers except those who are applying for payment on the supplemental application. Please instruct your county offices that supplemental applications should be prepared in accordance with the instructions in Southern Region Bulletin 205 with the above exception.

The State office will check the supplemental application against its copy of the original application to determine that the former has been properly executed. The only entries which the State office need make on the supplemental application are actual payment(s) to applicant(s) in line 14 of Form SR-209, or line 18 of Form SR-214, and payment(s) to assignee(s) in line 30 of Form SR-209, or line 34 of Form SR-214, both of which may be taken from the Form SR-217 prepared in connection with the case.

Supplemental applications shall not be listed on transmittal sheets with regular applications but shall be listed on transmittal sheets numbered in a series not being used for other types of cases. Such applications shall be scheduled to the General Accounting Office in the regular manner, and shall be accompanied by the original of the Forms SR-217 prepared in connection with such cases. In posting to the columnar registers, the Statistical Unit shall not consider supplemental applications as applications received from the county or certified to the General Accounting Office but shall post only the amount of payments involved.

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

1938 General Letter No. 46

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

January 16, 1939.

To All Administrative Officers and State Committeemen,
Agricultural Adjustment Administration,
Southern Region:

It has come to our attention that some county offices are using the "Producer's Copy" of the Application for Payment, Form SR-209 or SR-214, as a work sheet and are submitting only the original and two copies of the application to the State office. This would mean that the producers in such cases would not receive a copy of the application.

If the county offices find it necessary to prepare a preliminary copy of the application, they should either mimeograph a form for this purpose or break down sets of Forms SR-209 or SR-214 and use each copy as a work sheet.

Please call this matter to the attention of all county offices, and advise them that the original and all three copies of the Application for Payment must be submitted to the State office, in accordance with the instructions outlined in Southern Region Bulletin 205, Parts I and II.

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

1938 General Letter No. 47

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D.C.

January 18, 1939.

To All Administrative Officers and State Committeemen,
Agricultural Adjustment Administration,
Southern Region:

There is attached a copy of form Cotton 230, "County Committee's Statement As To No Liability Having Been Incurred Under Bond of Indemnity Cotton 215", which is to be issued by the county committee only in those cases where a principal or one of the sureties under a bond of indemnity executed on form Cotton 215 desires some statement showing the extent of his continued liability under the bond.

The statement on form Cotton 230 cannot be issued by the county committee in any case prior to the time the records and accounts for the county have been examined by the auditor of the State committee in accordance with the procedure outlined in Part IV of Cotton 208-SR. After the auditor of the State committee has made his report and found that the records and accounts with respect to a particular farm are correct and that all penalties incurred have been remitted to the treasurer of the county committee, the county committee may then issue the statement on form Cotton 230 at the request of the principal or one of the sureties under the bond provided that the producer has marketed all cotton with respect to which he may incur a penalty, as for example, cotton pledged as security for a Commodity Credit Corporation cotton loan. In no event should the statement be issued with respect to any farm on which a penalty incurred has not been remitted to the treasurer of the county committee or on which the producers have cotton on hand the marketing of which would be subject to penalty.

Form Cotton 230 will not be printed, since it is not anticipated that there will be any considerable demand for its use. Under separate cover a small supply of mimeographed copies is being sent to the State office. If additional copies are needed they should be prepared in your office.

Very truly yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

Cotton 230
United States Department of Agriculture
Agricultural Adjustment Administration
January 13, 1939.

Name of State and county _____ State and county code and farm serial number _____

Cotton 215 Bond Serial No._____

Name and address of principal thereunder:

_____

Name and address of sureties thereunder:

(1) _____

(2) _____

Name of principal or surety to whom this certificate is given:

_____

Date this certificate is issued: _____ ____, 193___.

COUNTY COMMITTEE'S STATEMENT AS TO NO LIABILITY
HAVING BEEN INCURRED UNDER BOND OF INDEMNITY
COTTON 215

TO WHOMSOEVER IT MAY CONCERN:

This is to certify that, after all action in the premises required by the applicable regulations and official instructions has been taken by the undersigned County Agricultural Conservation Committee and its Treasurer and after its and his accounts, reports, and other pertinent records have been examined and audited by the official auditor detailed thereto by the State Agricultural Conservation Committee for this State, said accounts, reports, and other pertinent records show, in the opinion of the undersigned committee, that such penalties as may have been incurred with respect to the marketing of cotton from the farm identified above for the marketing year ending July 31, 1939, have been paid to the Secretary of Agriculture of the United States and that the obligation under the bond of indemnity identified above has been satisfied. While there is no authority to give a release from liability under said bond, this statement is given, to the person indicated above at his request, in order that the facts as ascertained by the undersigned committee as above shown may be available to all persons having any concern in the matter.

Issued in the county aforesaid on the date shown above.

County Agricultural Conservation Committee

By_____
Member duly authorized by said committee.

1938 General Letter No. 48

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

January 30, 1939.

To All Administrative Officers and State Committeemen,
Agricultural Adjustment Administration,
Southern Region:

The following questions and answers relating to the regulations and instructions pertaining to cotton marketing quotas for the 1938-1939 marketing year under Title III of the Agricultural Adjustment Act of 1938 are submitted for your information:

1. Question: Where the amount of cotton produced, as shown on forms Cotton 216 and recorded on line (a) of columns (9) through (20), Part VI of form Cotton 254, is either more or less than the amount of cotton marketed, as reported on forms Cotton 213 and recorded on line (b) of columns (9) through (20), Part VI of form Cotton 254, is the gin weight of the cotton or the marketing weight of the cotton to be used in calculating the amount of the farm marketing quota and the amount of the penalty incurred for marketing cotton in excess of the farm marketing quota?

   Answer: The amount of cotton produced, as shown on forms Cotton 216 and recorded on line (a) of columns (9) through (20), Part VI of form Cotton 254, shall be used in determining the actual production of the farm in 1938 for the purpose of computing the amount of the farm marketing quota and in apportioning and reapportioning producer marketing quotas, as outlined in section 220 of Cotton 208 - Part II. The penalty actually incurred will be determined on the basis of the cotton marketed, as reported on forms Cotton 213 and recorded on line (b) of columns (9) through (20), Part VI of form Cotton 254. For example, in a case where the total production for a producer, as shown on line (a) of column (20), is 1590 pounds and the amount of cotton marketed, as shown on line (b) of column (20), is 1580 pounds, the penalty will be determined at the rate of 2 cents multiplied by the difference between 1580 pounds and the amount of the producer marketing quota. Likewise, if line (b) of column (20) showed that the producer marketed 1590 pounds, the penalty would be incurred on the difference between 1590 pounds and the amount of the producer marketing quota.

What has been said before is predicated upon the fact that the producer has marketed all of the bales of cotton reported to have been ginned by or for him and that the difference in the amounts shown on lines (a) and (b) in column (20) is the natural result of handling the cotton for market, that is, the cotton has lost weight or gained weight because of sampling or damage or because of changes in moisture content or because of other marketing conditions which are recognized in the cotton industry as accounting for minor variations in the weight of cotton as ginned and its weight when marketed. When the difference cannot be so accounted for, as, for example, where a producer for whom 1500 pounds of cotton were reported to have been ginned reports the marketing of, say, 1,000 or 1,300 pounds and does not have any cotton on hand which can be examined by the county committee and does not show a loss of the cotton by fire or otherwise, the presumption arises that the producer has marketed 1500 pounds of cotton and the burden of proof is on the producer to show by facts that are clear and undoubted that he has not marketed the 1,500 pounds produced and is, therefore, not subject to the penalty of 2 cents per pound on the difference between 1,500 pounds and the amount of his producer marketing quota.

The entries on line (a) of columns (9) through (20), Part VI of form Cotton 254, are not required to be in exact agreement with the comparable entries on line (b) of the columns and the entries should not be changed so that they will be in agreement. If the entries on lines (a) and (b) are in substantial agreement, a memorandum explaining the difference need not be placed in the file. However, if the variations are not apparently due to the natural results of handling the cotton for market, a memorandum of the county committee setting forth the facts and the action taken should be placed in the folder for the farm, together with any statements or other evidence submitted by the producer.

Where the producer has marketed seed cotton and estimated the amount of lint cotton to be shown on form Cotton 213 and has paid the penalty on the basis of this estimate, the estimated amount of lint cotton should be used in determining the amount of the actual production in 1938 for the farm for the purpose of adjusting the farm marketing quota and apportioning or reapportioning the producer marketing quota. In these cases the actual lint weight, as reported by the ginner, will probably vary from the estimated amount. The actual weight, as reported by the ginner, should nevertheless be shown in line (a) of columns (9) through (20), Part VI of form Cotton 254, and the entry circled and a memorandum explaining the entries filed in the folder for the farm. In all other connections, the entry on line (b) in such cases shall be used in balancing the farm accounts, including forms Cotton 283 and 285.

2. Question: What is the procedure to be followed in a case where a producer who, by virtue of the two provisos to section 220 (a) of Cotton 208 - Part II, receives as a finally adjusted producer marketing quota the amount of his share in the actual production of cotton in 1938 on the farm, as shown on line (a), column (20), Part VI of form Cotton 254, but markets less than this amount because the weight of the cotton when marketed was less than the gin weight or because of the destruction or loss of a part of the cotton by fire or otherwise, so that there is an unused portion of his producer marketing quota which is available for distribution among the other producers on the farm?

Answer: The question covers a case where a producer is reported to have ginned 1500 pounds and receives this amount as a producer marketing quota but markets only 1480 pounds and has no cotton on hand to be marketed against the 20 pounds remaining unused in his producer marketing quota and the difference in weight is accounted for in the manner outlined in the answer to question 1 above. In another case, the producer may have a bale of cotton destroyed by fire so that there will be 500 pounds which remain unused in his producer marketing quota. If no adjustment is made in the producer marketing quotas for the other producers, the amount of the penalty remittable through the Secretary of the State Committee, as provided in section 225 of Cotton 208 - Part II (the amount determined by subtracting the sum of the entries in columns (33) and (35) of Part VII of form Cotton 254 from the sum of the entries in columns (24) through (30) headed "Amount" of Part VII of form Cotton 254), will be in excess of the total penalty for the farm with respect to the marketing of cotton in excess of the marketing quota for the farm (the amount determined by multiplying 2 cents by the difference between the entry on line 9 (b) of column (20) of form Cotton 254 and the entry on line 9 of column (21) of form Cotton 254).

Where the unused portion of the producer marketing quota is so small that an inconsiderable benefit would be derived by each producer from a redistribution of the unused portion, the unused portion should not be redistributed among the other producers unless they request that it be redistributed. An office memorandum briefly explaining the facts should be attached to form Cotton 254.

Where the producers have requested that the unused portion be redistributed or where no request has been made but the amount available for redistribution would justify a claim by a producer or is sufficient to be likely to result in a claim for its redistribution and a refund on the basis thereof, the county committee should redistribute the unused

portion of the producer marketing quota. This should be accomplished on form Cotton 254 A by entering in column (5) thereof the finally adjusted producer marketing quota for each producer, as shown in column (12) of the previous form Cotton 254 A. The amount of the unused producer marketing quota should be entered in column (6) opposite the producer's name and the entry so made should be preceded by a minus sign (-) and circled. The entries in column (5) for the producers for whom there is no unused portion of the producer marketing quota should then be transferred to column (6). The sum of the circled figures in column (6) should be entered on line 9 thereof and the sum of the uncircled figures should be entered on line 9 of column (6) above the sum of the circled figures. Divide the circled sum entered on line 9 in column (6) by the uncircled sum on line 9 in column (6) and enter the resulting percentage figure, carried to four decimal places, on line "a" of column (6). Add the percentage figure thus obtained to 100 percent and enter the result on line "b" of column (6) and in the heading of column (7). Multiply the uncircled figures in column (6) by the percentage figure in the heading of column (7) and extend the results in column (7). Enter in column (7) opposite the circled figures in column (6) the amount of the producer marketing quota which was used by the producer. The sum of the entries in column (7) should then equal the amount of the farm marketing quota previously determined, and the entries in column (7) should be transferred to column (12) of form Cotton 254 A. The entries in columns (21) and (22) of form Cotton 254 should be changed accordingly and refunds made to the producers in accordance with section 222 of Cotton 208 - Part II.

3. Question: What procedure should be followed in cases where a white marketing card (form Cotton 211) was issued to a producer through error?

Answer: Farm accounts should be established in accordance with sections 209 and 210 of Cotton 208 - Part II for each farm. A record of the cotton ginned for such farms, as shown on forms Cotton 216, should be recorded in Part VI of form Cotton 254 in accordance with section 218 of Cotton 208 - Part II and any entries for such farms on form Cotton 251 should be lined out (Leaving them still legible, of course) and a reference to the farm account serial number on form Cotton 254 entered in lieu thereof. After all cotton produced on such farms has been ginned and recorded in Part VI of form Cotton 254, the producer marketing quotas should be apportioned or reapportioned as provided in subsections (c) and (d) of section 220 of Cotton 208 - Part II. A report on form Cotton 217 should be obtained and the procedure outlined in section 222 (g) of Cotton 208 - Part II should be followed. If the error is discovered prior to the time the entire production on the farm

is marketed, the white marketing card should be canceled and a red marketing card issued to the producer in the amount of the unused portion of his producer marketing quota.

Any payments under any law administered by the Department which may be or become due to any landlord, tenant, or sharecropper on any of the farms in question must be withheld, as provided in 1938 General Letter No. 33, issued on September 9, 1938, unless and until the amount of any penalties for which such producers are or may be liable is determined and paid or its payment properly secured by a surety bond or a deposit in escrow.

4. Question: Is cotton pledged as collateral security for a loan subject to the penalty provided in section 348 of the Agricultural Adjustment Act of 1938?

Answer: The penalty is incurred by the producer when the cotton is marketed. Where a producer pledges cotton as collateral security for a loan, it can not be said that the cotton is marketed, and neither the producer nor the pledgee incurs any responsibility for the penalty. However, where the cotton is sold under the terms of the pledge, the cotton must be identified to the buyer (as in other cases) by the use of the cotton marketing card, and the buyer becomes liable for the collection of the penalty if the cotton is marketed in excess of the marketing quota for the farm on which it was produced. In the event the relationship of the producer and the pledgee is changed so that the pledgee acquires title to the cotton in settling the account between himself and the producer, the pledgee would become the buyer or transferee and would be responsible for the collection of the penalty, if any is due in connection with the marketing of the cotton. If cotton is withdrawn from the terms of the pledge, the pledgee incurs no responsibility in connection with the collection of the penalty and the producer must identify the cotton, when it is subsequently marketed, by the use of the marketing card as in other cases.

5. Question: What procedure is to be followed in cases where a penalty is remitted to the treasurer of the County Committee by a buyer who purchased the cotton from a producer who did not have a marketing card and who could not be located by either the buyer or the County Committee?

Answer: The funds received as the penalty should be deposited in the cotton special deposit trust account and a record thereof made on form Cotton 256. A record of the transaction should be made on a memorandum, since in cases of this kind it would be unnecessary to establish a farm account on form Cotton 254 for the sole purpose of recording the receipt of

the funds. If the identity of the producer from whom the penalty was collected can not be ascertained, the amount should be remitted through the Secretary of the State Committee in accordance with section 225, Cotton 208 - Part II. In lieu of the farm account serial number and the farm serial number to be shown on form Cotton 259 by the County Committee, and on Standard Form No. 1044 by the State Committee, enter a serial number beginning with number 1 for the first remittance so received followed by the letters "XYZ". In the event it is later determined that the penalty so received was erroneously, illegally, or wrongfully collected, a claim therefor may be made by the producer pursuant to section 511 of the regulations (Cotton 207).

6. Question: Where the owner or operator secured the estimated penalty by placing funds in escrow in excess of the amount of penalty which has been incurred based on the difference between the amount of his actual production and the amount of the producer marketing quota apportioned or reapportioned to him, may a refund of the excess amount be made prior to the time that he markets the entire production?

Answer: Where the amount held in escrow is sufficiently in excess of the penalty which may possibly be incurred and the person who deposited the funds in escrow so requests, a refund of the excess amount may be made to the producer, provided always that there is retained a sufficient amount of the funds held in escrow to cover the penalty which may be incurred with respect to the marketing of all cotton which the producer has on hand at the time the refund is made. Of course, no refund of funds held in escrow should be made where the producer has incurred or may incur a penalty with respect to the marketing of cotton produced on a farm other than the one for which the funds held in escrow were deposited.

7. Question: What is the procedure to be followed in cases where funds held in escrow with respect to one farm are less than the total amount of penalty incurred in connection with the marketing of cotton in excess of the farm marketing quota therefor and the owner or operator who tendered such funds deposited other funds to be held in escrow with respect to another farm which are in excess of the amount of penalty incurred in connection with the marketing of cotton produced thereon?

Answer: The funds held in escrow in excess of the amount of the penalty incurred on one farm should be used to offset the deficiency in the amount of the funds held in escrow with respect to the other farm.

8. Question: If it was erroneously determined that the cotton acreage allotment for the farm has been exceeded and a penalty in connection with the farm was collected and it was subsequently determined that the cotton acreage allotment was not exceeded, should the farm be classed as "overplanted" or "not overplanted" on form Cotton 281?

Answer: The farm should be classified on form Cotton 281 under the heading "not overplanted", but the information in connection with the farm would appear on form Cotton 285 rather than on form Cotton 284. The entries on form Cotton 285 in this connection should be listed after the entries for overplanted farms have been listed and an explanation should be attached to form Cotton 285 so that the number of farms listed thereon will not be at variance with the number of farms shown on form Cotton 281 in the "overplanted" classification.

9. Question: What is the amount of the farm marketing quota that should be entered in column (2) of form Cotton 285 for a new farm on which the total production in 1938 did not exceed 1,000 pounds?

Answer: The farm marketing quota shown on line 10, Part I, of form Cotton 254 should be entered in column (2) of form Cotton 285. The amount of the farm marketing quota entered in column (2) should be circled and the amount of the total production for the farm in 1938 should be entered immediately above the circled figure. For example: if the farm marketing quota shown on line 10, Part I, of Form Cotton 254 is 700 pounds and the total production on the farm in 1938 was 900 pounds, the auditor would enter 700 pounds in column (2) and circle the entry and enter 900 pounds immediately above the circled figure. In computing the total of column (2) the uncircled figures would be used.

Very truly yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

1938 General Letter No. 49

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

February 11, 1939.

To All Administrative Officers and State Committeemen,
Agricultural Adjustment Administration,
Southern Region.

The following questions and answers pertain to the audit of applications for payment under the 1938 Agricultural Conservation Program.

1. Question: What changes may the State office make in the work sheet serial numbers in section III of the application?

Answer: The State office may add new work sheet serial numbers (except in cases where the application was suspended by the General Accounting Office for that reason) without requiring the initials of a county committeeman, but any deletions or changes in the work sheet serial numbers previously entered in section III of the application must be initialed by a county committeeman who signed the application.

2. Question: What procedure should be followed in cases where the application(s) received shows in section III thereof the serial number of another application in which a producer on the farm is interested and such other application has already been paid?

Answer: In such cases a statement setting forth why the serial number of the application(s) which is being certified to the General Accounting Office was not shown in section III of the application(s) previously submitted to the General Accounting Office must be signed by a county committeeman and attached to such application(s). Such statement must also certify that section III of the application(s) now being submitted contains reference to all farms in that county in which all producers thereon are interested. The State office should also attach a notation showing the administrative voucher number of the voucher on which payment was previously scheduled to the applicant(s) shown on the application(s).

3. Question: May alterations be made in the total soil-depleting acreage allotment on applications in the State office without requiring the initials of a county committeeman?

Answer: On applications covering class B farms any alteration decreasing this entry may be made in the State office; also any alteration

increasing this entry may be made provided such alteration cannot decrease the penalty to be entered in line 5 of the application. On applications covering class A farms alterations in this figure may be made in the State office if such alteration cannot increase payment to any applicant or assignee on the applications.

4. Question: Where payment is withheld for any reason from an applicant or assignee, is it acceptable to circle the name and address of, as well as the payment to, such applicant or assignee?

Answer: Yes, provided this practice is consistently followed throughout the program.

5. Question: If an assignee dies after executing Part II of Form ACP-69, who should be shown as the assignee on the application?

Answer: Where the assignee dies subsequent to the time Part II of the Form ACP-69 is executed, the name of the executor or administrator, if any, should be entered in the application for payment as assignee and the capacity in which such person is acting should be indicated. If there is no executor or administrator and none is to be appointed, the names of the heirs of the assignee should be entered in the same manner as they would have been entered in the case of a deceased applicant. In such cases the county committee should attach a statement to the Form ACP-69 explaining the facts in the case.

6. Question: In cases where the application is a payment application and no applicant thereon has a deduction in line 20 of Form SR-209 (or line 24 of SR-214) exceeding his payment in that line, is it necessary that amounts be inserted in the next line following "Net $" and "Total $"?

Answer: In such cases insert only the amount following "Net $". The amount following "Total $" may be left blank, since it will be identical with the amount following "Net $" except for slight variations due to the rule of fractions.

7. Question: If there is no deduction for grants of aid and no amount assigned on Form ACP-69 which remains unpaid, will it be acceptable for the amount which would otherwise have been entered in line 25 of Form SR-209 (or line 29 of SR-214) to be entered in line 14 (or line 18 of Form SR-214)?

Answer: Yes, in such cases no entries need be made by the

State office in lines 25 through 30 of Form SR-209 (or 29 through 34 of Form SR-214).

8. Question: If the name of the landlord is shown in section V of the application and no acreage shares or unit shares of soil-building practices are entered in the column in which his name appears, may the application be certified for payment without being suspended to the county office to have the name of the landlord deleted, and such deletion initialed by a county committeeman who signed the application?

Answer: Unless "None" has been entered for acreage or unit shares for each crop on which payment or penalty is computed and the soil-building practices, if any, in the column in which the landlord's name appears, and the landlord has signed the application, it will be necessary that the landlord's name be deleted and such deletion initialed by a county committeeman who signed the application, or that a blanket statement be submitted to the General Accounting Office signed by a county committeeman on behalf of the county committee to the effect that in each case submitted to the General Accounting Office from that county where no acreage or unit shares appear under the name of the landlord, it has been determined that the landlord rents for cash, standing or fixed rent, and that he has carried out no approved soil-building practices, or for some other acceptable reason(s) he is not entitled to share in the payment.

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

1938 General Letter No. 50

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

February 28, 1939.

To All Administrative Officers and State Committeemen,
Agricultural Adjustment Administration,
Southern Region:

It has been reported to this Division that in a few cases producers, ginners, buyers, or others have failed or refused to pay or remit to the treasurer of the county committee the amount of the penalty incurred or have failed or refused to keep or make the records and reports required of them or have kept or made a false record or report in an attempt to evade the effect of the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938. Although the number of specific violations reported to this Division is very inconsiderable, compared with the total number of producers and others subject to those provisions, it is believed that a summary of the pertinent provisions of the Act and of the regulations issued thereunder and of the procedure applicable to certain types of cases may be helpful in concluding cases which have arisen in the administration of the cotton marketing quota provisions for the 1938-1939 marketing year and preventing other cases coming up.

The Agricultural Adjustment Act of 1938 (hereinafter referred to as the Act) contains the following provisions:

> "Sec. 372. (a) The penalty with respect to the marketing, by sale, of wheat, cotton, or rice, if the sale is to any person within the United States, shall be collected by the buyer.
>
> "(b) All penalties provided for in Subtitle B shall be collected and paid in such manner, at such times, and under such conditions as the Secretary [of Agriculture] may by regulations prescribe. Such penalties shall be remitted to the Secretary by the person liable for the penalty, except that if any other person is liable for the collection of the penalty, such other person shall remit the penalty. The amount of such penalties shall be covered into the general fund of the Treasury of the United States.
>
> "(c) Whenever, pursuant to a claim filed with the Secretary within one year after payment to him of any penalty collected from any person pursuant to this Act, the Secretary finds that such penalty was erroneously, illegally, or wrongfully collected, the Secretary shall certify to the Secretary of the Treasury for payment to the claimant, in accordance with regulations prescribed by the Secretary of the Treasury, such amount as the Secretary finds the claimant is entitled to receive as a refund of such penalty.
>
> "The Secretary is authorized to prescribe regulations governing the filing of such claims and the determination of such refunds."
>
> [Subsection (d) omitted.]

"Sec. 373. (a) This subsection shall apply to warehousemen, processors, and common carriers of corn, wheat, cotton, rice, or tobacco, and all ginners of cotton, all persons engaged in the business of purchasing corn, wheat, cotton, rice, or tobacco from producers, and all persons engaged in the business of redrying, prizing, or stemming tobacco for producers. Any such person shall, from time to time on request of the Secretary [of Agriculture], report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any record as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500.

"(b) Farmers engaged in the production of corn, wheat, cotton, rice, or tobacco for market shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as the Secretary may prescribe as necessary for the administration of this title.

"(c) All data reported to or acquired by the Secretary pursuant to this section shall be kept confidential by all officers and employees of the Department, and only such data so reported or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing under this title."

"Sec. 374. The Secretary [of Agriculture] shall provide, through the county and local committees, for measuring farms on which corn, wheat, cotton, or rice is produced and for ascertaining whether the acreage planted for any year to any such commodity is in excess of the farm acreage allotment for such commodity for the farm under this title. If in the case of any farm the acreage planted to any such commodity on the farm is in excess of the farm acreage allotment for such commodity for the farm, the committee shall file with the State committee a written report stating the total acreage on the farm in cultivation and the acreage planted to such commodity."

"Sec. 375. (a) The Secretary [of Agriculture] shall provide by regulations for the identification, wherever necessary, of corn, wheat, cotton, rice, or tobacco so as to afford aid in discovering and identifying such amounts of the commodities as are subject to and such amounts thereof as are not subject to marketing restrictions in effect under this title.

"(b) The Secretary shall prescribe such regulations as are necessary for the enforcement of this title."

"Sec. 376. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this title. If and when the Secretary [of Agriculture] shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this title. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law."

The regulations pertaining to cotton marketing quotas for the 1938-1939 marketing year (Cotton 207), hereinafter referred to as the regulations, in addition to the provisions relating to the manner in which penalties are to be collected and paid and records are to be kept and reports are to be made, contain the following provisions:

"Sec. 512. Court Proceedings to Collect Penalties.- It shall be the duty of the county committee to report in writing to the State committee forthwith each case of failure or refusal to pay the penalty or to remit the same to the Secretary of Agriculture when collected. It shall be the duty of the State committee to report each such case forthwith in writing in triplicate to the United States Department of Agriculture with a view to the institution of proceedings by the United States Attorney for the appropriate district, under the direction of the Attorney General of the United States, to collect the penalties, as provided for in section 376 of the Act."

"Sec. 606. Enforcement.- It shall be the duty of the county committee to report in writing to the State committee forthwith each case of failure or refusal to make any report or keep any record as required by these regulations and each case of making any false report or record. It shall be the duty of the State committee to report each such case forthwith in writing in triplicate to the United States Department of Agriculture with a view to the institution of proceedings by the United States Attorney for the appropriate district, under the direction of the Attorney General of the United States, to enforce the provisions of Title III of the Act."

Certain types of cases involving the application of the provisions of law and regulations referred to above are set forth below with a discussion of the action which should be taken by the county committee and by the State committee.

1. Ginners failing or refusing to make a report on form Cotton 216 or to correct a report made on form Cotton 216.

The county committee should forward by registered mail (return receipt requested) to the ginner a copy of the following: (1) the Act, as amended, or copies of the pertinent sections thereof; (2) the regulations; (3) "Ginner's Record and Report" (Cotton 216); and (4) 1938 General Letter No. 37. This material should be accompanied by a letter from the county committee pointing out to the ginner that the instructions relative to the proper execution

of form Cotton 216 are printed on the reverse side thereof and directing his attention particularly to sections 373 (a) and 376 of the Act and section 601 of the regulations. The letter should inquire as to whether the ginner understands the method of executing form Cotton 216 and offer to him any assistance which may be required in this connection. The letter should also request a prompt reply from the ginner.

If no reply from the ginner is received or if his reply indicates a lack of conformance with the Act and regulations, the county committee, or a member thereof, should call at the ginner's place of business and endeavor to discuss with him the reasons he may have for not making the reports and again call to his attention the above-mentioned provisions of the Act and regulations and explain that if the reports are not made the committee is under a duty to report the case for proceedings under section 376 of the Act.

If the ginner will not make the reports after the matter has been so discussed with him, a report in triplicate should be prepared and the original and one copy thereof transmitted to the State committee. The report as forwarded to the State committee should set forth each fact in connection with the failure or refusal to submit the reports, the name and address of the gin and the name and address of the operator of the gin, and show whether such operator is an individual, partnership, corporation, etc., and should be accompanied by a copy of all correspondence between the county committee and the ginner and all statements obtained by the committee from the ginner in connection therewith.

2. Buyers failing or refusing to require cotton to be identified by marketing cards or to collect a penalty or to remit to the treasurer of the county committee any penalty collected.

The buyer should be requested to make a report on form Cotton 220 to the county committee on all cotton purchased by him during the marketing year. The county committee must make the request for the execution of form Cotton 220 strictly in accordance with section 602 (b) of the regulations.

In order that the buyer may be informed of the facts reported on which the request to submit form Cotton 220 is predicated, the letter containing the request should set forth each instance wherein the committee has reason to believe that the conduct of the buyer contravened the provisions of the Act and regulations and the amount of any penalty which the buyer under the circumstances was required to collect and remit to the treasurer of the county committee. The letter should also contain a citation to the applicable sections of the Act and regulations, and a copy of the Act, or a copy of the pertinent sections thereof, and of the regulations should accompany the letter.

If the buyer has purchased cotton from a producer without requiring the producer to identify the cotton by the use of marketing cards, the attention of the buyer should be directed to sections 408 and 602 of the regulations and sections 372, 373, and 375 of the Act. It should be pointed out to him that section 408 (a) of the regulations provides that the buyer shall, unless the cotton purchased is identified by the producer by the use of cotton marketing cards, deem the cotton to be subject to the penalty pro-

vided for in section 348 of the Act which, under section 372 (a) of the Act, shall be collected by the buyer and remitted to the Secretary of Agriculture in accordance with the regulations prescribed under section 372 (b) of the Act. The buyer should be referred to sections 505 and 506 of the regulations, wherein it is provided that the penalty shall be due at the time the cotton is marketed and that the penalty shall be remitted to the treasurer of the county committee not later than thirty calendar days next succeeding the day on which the cotton was marketed by the producer.

If the buyer purchased cotton from a producer which was identified to him by the use of marketing cards as being subject to the penalty and the penalty was not collected by the buyer, the attention of the buyer should be directed to sections 408 and 602 of the regulations and sections 372 and 373 of the Act. It should be pointed out to him that section 372 of the Act requires the buyer to collect the penalty incurred with respect to the marketing of cotton by sale and that the amount of the penalty incurred, pursuant to sections 505 and 506 of the regulations, became due at the time the cotton was marketed and was required to be remitted by him to the treasurer of the county committee not later than thirty calendar days next succeeding the day on which the cotton was marketed by the producer.

If the buyer collected a penalty from a producer and failed or refused to remit the penalty to the treasurer of the county committee, the attention of the buyer should be directed to sections 505, 506, and 602 of the regulations and sections 372 and 373 of the Act. The buyer should be further advised that, when he collects the penalty, the amount collected must be remitted to the treasurer of the county committee within the period specified in section 506 of the regulations and that any action to the contrary is against the specific provisions of the law and regulations and constitutes an unlawful detention and use of the funds collected.

In addition to the foregoing suggestions, the buyer in each case should be advised that, pursuant to sections 512 and 606 of the regulations, the county committee is under a duty to report any case where the buyer is actually in default in order that proceedings under section 376 of the Act may be instituted to enforce specifically the provisions of the Act. The county committee or one of its members should endeavor to confer personally with the buyer.

If form Cotton 220 is not received within fifteen calendar days after the request therefor is forwarded to the buyer by registered mail, or if form Cotton 220 is received and the penalties are not remitted by him, or if he continues in default in both respects, a report in triplicate should be prepared and the original and one copy thereof transmitted to the State committee. The report should show the name and full mail address of the buyer and of each producer from whom, according to the information of the county committee, the buyer purchased cotton and failed or refused to conform to the Act and the regulations in purchasing the cotton. The report should also show a full and particular description (in addition to the farm serial number) of the farm on which the cotton was produced, the date on which the cotton was purchased and the place at which the transaction occurred, the amount of the penalty incurred and the amount thereof which was or was not collected. In addition, copies of all correspondence from the county com-

mittee to the buyer and the producers and replies thereto and any statements made by the buyer and the producers should accompany the report.

In the event the form Cotton 220 submitted by the buyer indicates that a penalty was incurred with respect to the marketing of any cotton purchased by the buyer which was not collected and remitted by him to the treasurer of the county committee, the buyer should be so notified and requested to remit the amount thereof without further delay to the treasurer of the county committee. Where the form Cotton 220 indicates that cotton produced in any other county was purchased by the buyer, the county committee for each such other county should be notified in writing so that it may be determined whether the buyer is in default with respect to the remittance of penalties to its treasurer.

While the county committee is attempting to enforce the provisions of the Act and regulations in the manner indicated above, no check for any payment under any program or law which may be or become due to any producer from whom the buyer should have collected the penalty should be delivered to the producer until the provisions of the Act and the regulations are satisfied. See 1938 General Letter No. 33, issued September 9, 1938. However, where the buyer has collected the amount of the penalty and failed or refused to remit it to the treasurer of the county committee, and the producer is not conniving in such failure or refusal, there is no ground for withholding payments which may be or become due to the producer from whom the buyer collected the penalty. In the type of case last mentioned, the county committee should secure from the producer a copy of the receipt issued by the buyer for the amount of the penalty collected and a statement signed by the producer showing the facts in regard to the collection of the penalty.

3. Producers failing or refusing to remit a penalty to the treasurer of the county committee.

The liability of a producer to remit the penalty, as distinguished from the liability of the buyer to collect and remit the penalty, will generally arise under the following circumstances:

(a) a white marketing card was erroneously issued to a producer;
(b) a white marketing card was issued to a producer who secured the payment of the estimated penalty by filing a bond of indemnity on form Cotton 215 with the county committee;
(c) a white marketing card was issued to a producer who secured the payment of the estimated penalty by depositing funds to be held in escrow by the county committee;
(d) a white marketing card was issued to a producer with respect to a farm on which it was estimated by the county committee that the total production would not exceed 1,000 pounds of lint cotton;
(e) a white marketing card was issued to a producer with respect to a farm on which it was estimated by the county committee that the total production of cotton on the acreage planted to cotton would not exceed the normal production of the cotton acreage allotment;

(f) cotton produced in excess of the farm marketing quota was identified when marketed by a white marketing card issued with respect to another farm and was purchased in good faith by a buyer who had no knowledge of the misuse of the card; or

(g) cotton produced in excess of the farm marketing quota was delivered in payment of a standing or fixed rental or other charge for land and the producer and transferee did not agree, as provided in section 505 (a) of the regulations, that the penalty should be collected and remitted by the transferee.

Where the circumstances are such as are referred to in this item 3, the procedure outlined in item 2 above is inapplicable and a demand for the amount of the unpaid penalty must be made on the producer rather than on the buyer. The demand should be made in writing and forwarded, together with a copy of the Act, or a copy of the pertinent sections thereof, and the regulations, by registered mail (return receipt requested) to the producer. After the demand has been forwarded to the producer, a member of the county committee should call on the producer and endeavor to discuss with him the applicable provisions of the Act and regulations with a view to obtaining the payment of the penalty.

Where the facts in (a) above are found to exist, the letter from the county committee to the producer should explain that the issuance of a white marketing card does not in and of itself relieve the producer of his liability for the penalty imposed by section 348 of the Act if cotton is marketed in excess of the farm marketing quota, and that section 372 (b) of the Act provides that the person liable for the penalty under the facts in his case shall remit the penalty in accordance with the regulations. The letter should also point out that the regulations, in sections 505 and 506, provide that the penalty is due at the time the cotton is marketed and must be remitted to the treasurer of the county committee not later than thirty calendar days thereafter.

Where the facts in (b), (c), and (e) above are found to exist, that is, a bond of indemnity was filed or an insufficient amount of funds were deposited to be held in escrow to secure payment of the penalty, or the production of the planted acres exceeded the normal production of the cotton acreage allotment, the producer should be notified that the issuance of a white marketing card pursuant to section 402 (d) of the regulations was upon the condition that the producer shall nevertheless be subject to the penalty provided in section 348 of the Act and that, pursuant to section 372 (b) of the Act and section 507 (d) of the regulations, the amount of the penalty is due and payable. If the producer who filed a bond of indemnity does not remit the penalty promptly, the sureties under the bond of indemnity should be notified by registered mail (return receipt requested) that the producer has not paid the penalty incurred after being duly requested to do so and the sureties should be requested to remit forthwith to the treasurer of the county committee the amount of the penalty incurred.

Where the facts under (d) above are found to exist, the letter from the county committee should explain to the producer that the exemption provided in section 346 (b) of the Act is not applicable if the production of the acreage planted to cotton on the farm in 1938 is in excess of 1,000 pounds and that, pursuant to section 402 (e) of the regulations, the white marketing

subject to the penalty provided in section 348 of the Act if the total production of the farm in 1938 exceeded 1,000 pounds of lint cotton. The letter should also state the amount of cotton reported to have been produced in 1938 on the farm, the reported actual average yield per acre of lint cotton in 1938, the normal yield per acre of lint cotton established for the farm for 1938, the amount of his farm marketing quota (the actual or normal yield per acre, whichever is the greater, times the cotton acreage allotment, plus any cotton carried over from a previous crop), and the amount of the penalty incurred, determined at the rate of 2 cents per pound times the amount of cotton marketed in excess of the farm marketing quota.

Where the facts in (g) are found to exist, the letter from the county committee should direct the attention of the producer to sections 505,506,and 603 (a) 4 of the regulations and explain to him that pursuant to section 372 (b) of the Act, the amount of the penalty incurred is due and payable. The letter should also direct the attention of the producer to the definition of the terms "barter" and "exchange" as used in section 801 of the regulations in defining the term "market".

The cases referred to in (f) above involve an improper use of the cotton marketing cards in an attempt to falsify the records in regard to the production of cotton or the production and marketing of cotton by a producer who is liable for the penalty provided in section 348 of the Act and would render the producers engaging in the transaction amenable to the statutes punishing frauds, attempts to defraud, or conspiracies to defraud the Government. When the county committee has reason to believe that one or more producers have engaged in a transaction of this kind, it is suggested that the county committee should discuss the matter with the producers involved and explain the circumstances to them in order that they may adjust the records and pay the penalties accordingly. If the producer liable for the penalty and a producer who joins him in an attempt to conceal the identity of the cotton could be shown that the yields for their respective farms do not conform to the yields obtained on similar farms in the community or that the yields reported for their farms are relatively disproportionate or that the yields reported for their farms do not conform to the estimates of production thereon which may have been made previously or other circumstances of which the county committee has knowledge, it would appear that the producers would be convinced that any attempt to evade the law or regulations would prove to be futile. Where violations of this kind have been attempted, the county committee should endeavor to establish the full facts in connection with each case by obtaining information in regard to the ginning and sale of all cotton from both farms in the form of statements from the producers and from the ginners and buyers of their cotton.

In addition to the foregoing suggestions, the producer in each case should be advised that, pursuant to sections 512 and 606 of the regulations, the county committee is under a duty to report any case where the producer is actually in default in order that proceedings under section 376 of the Act may be instituted specifically to enforce the provisions of the Act.

If the penalties are not remitted to the treasurer of the county committee, a report in triplicate should be prepared and the original and one copy thereof transmitted to the State office. The report should show the name and full mail address of the buyer and of each producer and

a full and particular description (in addition to the farm serial number) of the farm on which the cotton was produced, the date on which the cotton was marketed and the place at which the transaction occurred, if the county committee has knowledge of these facts, the amount of the penalty incurred and the amount thereof which was or was not paid. In addition, copies of all correspondence from the county committee to the producer and replies thereto and any statements made by the producer should accompany the report.

4. Operators failing or refusing to make a report on form Cotton 217.

The county committee should address a request for a report on form Cotton 217 to the operator and forward it to him by registered mail (return receipt requested) together with copies of the form, the Act, and the regulations. The request should direct the attention of the producer to section 373 (b) of the Act and to section 603 (b) of the regulations and state further that, pursuant to section 606 of the regulations, the county committee is required to report any continued default on his part in this respect in order that proceedings may be instituted in accordance with section 376 of the Act specifically to enforce the provisions of the Act. The letter should also request a prompt reply and should offer to the operator any assistance which he may require in order to enable him to understand the use and execution of the operator's report. A member of the county committee should call on the operator and endeavor to discuss the matter with him with a view to obtaining the execution of form Cotton 217.

If the report is not made promptly, a full report in triplicate should be made and the original and one copy forwarded to the State office. The report should contain the name and full mail address of the operator and all facts and circumstances in the case and should be accompanied by copies of all correspondence from the county committee to the operator and any replies thereto.

Where a report is made to the State office under any of the circumstances discussed in items 1 through 4 above, the State committee, or the Administrative Officer in Charge, should communicate by registered mail (returned receipt requested) with the person in default and explain to him the circumstances as reported by the county committee. The letter should refer to the applicable sections of the Act and regulations and state the necessity of proceeding under section 376 of the Act unless the person complies with the provisions of the Act and regulations within a reasonable time (not less than five nor more than fifteen calendar days) fixed in the letter. A representative of the State committee should visit the person or persons named in the report wherever practicable. A copy of each report received from the county committee should be forwarded to this Division with a letter indicating the action taken by the State office.

If a compliance with the regulations and the Act results from the the action taken by the State office, a report to that effect should be made to this Division. If the efforts of the State office are unsuccessful, a report to this effect should be made to this Division in order that an

investigation may be commenced with a view toward the institution of proceedings in the district courts of the United States to enforce specifically the provisions of the Act.

Very truly yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

1938 General Letter No. 50
Supplement No. 1

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

August 5, 1939.

To All Administrative Officers and State Committeemen,
Agricultural Adjustment Administration,
Southern Region:

This is with reference to reports submitted to this Division covering cases listed under item 3 of 1938 General Letter No. 50 regarding the liability of a producer to remit the penalty as distinguished from the liability of the buyer to collect and remit the penalty. Such cases arise under the following circumstances:

(a) a white marketing card was erroneously issued to a producer;

(b) a white marketing card was issued to a producer who secured the payment of the estimated penalty by filing a bond of indemnity on form Cotton 215 with the county committee;

(c) a white marketing card was issued to a producer who secured the payment of the estimated penalty by depositing funds to be held in escrow by the county committee;

(d) a white marketing card was issued to a producer with respect to a farm in which it was estimated by the county committee that the total production would not exceed 1,000 pounds of lint cotton;

(e) a white marketing card was issued to a producer with respect to a farm on which it was estimated by the county committee that the total production of cotton on the acreage planted to cotton would not exceed the normal production of the cotton acreage allotment;

(f) cotton produced in excess of the farm marketing quota was identified when marketed by a white marketing card issued with respect to another farm and was purchased in good faith by a buyer who had no knowledge of the misuse of the card; or

(g) cotton produced in excess of the farm marketing quota was delivered in payment of a standing or fixed rental or other charge for land and the producer and transferee did not agree, as provided in section 505 (a) of the regulations, that the penalty should be collected and remitted by the transferees.

The reports received by this Division in accordance with 1938 General Letter No. 50 show that the county and State committees have made demands on producers liable for the amount of the unpaid penalties. Some of these reports show that the producers are willing to pay the penalties but do not have the money at the time the demands are made and that they are willing to pay the penalties out of the proceeds of the 1939 crop. Others show that payments are or will become due under a conservation or price adjustment program and that the producers are willing for the amounts of the unpaid penalties to be deducted from the conservation or price adjustment payments or both. Many show that the amounts of the unpaid penalties are very small amounts.

It is assumed that each producer who owes a penalty under the 1938 Cotton Marketing Quota Program has been placed on the register of persons indebted to the United States for the amount of the penalty owed and unpaid in accordance with a letter addressed to the Administrative Officers in Charge, on May 23, 1939. It is also assumed that set-offs will continue to be made for the amounts of such penalties against conservation and price adjustment payments in the regular manner. It should be noted that the regular procedure, as it relates to unpaid penalties, is in process of being amended so that the register will include those cases where the unpaid penalty is less than one dollar.

Hereafter (except under (f) above) no reports should be submitted to this Division covering cases arising under the above circumstances where set-offs have been made for the full amount of the unpaid penalty or where the producer is or will become eligible for a conservation or price adjustment payment for 1939 either or both of which is equal to or greater than the amount of the unpaid penalty, thus affording an opportunity of collecting the penalty by making set-offs. The county committee should continue to make demands on producers in such cases and will report all such cases to the State committee in the usual manner. The State Committee may discontinue making demands on producers in such cases. Those cases arising under (f) above will be reported to this Division as heretofore with additional information regarding eligibility for payments under conservation and price adjustment programs.

It may be necessary for the State office to contact county offices to determine whether producers owing penalties will be

eligible to receive payments on acreage allotments under conservation or price adjustment programs covering all such cases to be submitted to the State office as well as those already on file in the State office. It is not contemplated that the State or county office will incur any additional expense in estimating the amount of any payment for which a producer may become eligible.

The regular procedure should be followed in the other cases where the unpaid penalty is in excess of payments that may become due under a conservation or price adjustment program except that the reports on such cases should show the approximate amount of such payment, if any, that producers will be eligible to receive; the reasons why the penalties were not remitted to the county committee, and the attitude of the producer regarding the payment of the penalty. In case a bond of indemnity was executed and the penalty incurred has not been paid, the report should indicate that the sureties were called on by both the county and State committees for the payment of the penalty, and the full name and address of the principal and full names and addresses of both sureties should be given. In reporting these cases to this Division, particular attention should be given to the preparation of the file. The procedure by which the cases are handled by the various offices of the Department requires that each letter, statement, affidavit, and form be submitted in triplicate and that a separate and individual report be made for each defaulting producer. Insofar as is practicable, cases arising in a particular county or area should be forwarded to this Division in one lot.

Very truly yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.

1938 General Letter No. 50
Supplement No. 2

UNITES STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
Washington, D. C.

August 7, 1939

To All Administrative Officers and State Committeemen,
Agricultural Adjustment Administration
Southern Region:

This is with reference to violations by ginners and buyers under the 1938 Cotton Marketing Quota Program. Very few cases have been reported to this Division regarding the failure or refusal of (1) a ginner to make a report on form Cotton 216 or to make a corrected report, and (2) a buyer to require cotton to be identified by marketing cards or to collect a penalty or to remit a penalty collected or to make a report on form Cotton 220. The procedure to be followed in these cases is set forth under items 1 and 2 of 1938 General Letter No. 50 dated February 28, 1939.

It is assumed that the producers from whom buyers should have collected penalties have been placed on the register of persons indebted to the United States for the amount of the unpaid penalties in accordance with a letter of May 23, 1939 addressed to the Administrative Officer in Charge, and that set-offs will continue to be made against both conservation and price adjustment payments for such producers.

In the case of violations by buyers, the reports to this Division should show, in addition to the information requested in 1938 General Letter No. 50, the amount of payments, if any, that the producers involved in such cases who owe penalties may be eligible to receive under both the conservation and price adjustment payment programs.

It is very desirable to clean up these cases as rapidly as possible as the 1938-39 marketing year closed at midnight, July 31, 1939. The State committee may discontinue making demands on ginners and buyers in those cases where no useful purpose will be served and may report such cases direct to this Division. In this connection, however, the letters directed to ginners and buyers by the State committee were intended to supplement personal contact between representatives of the county and State committees and the buyers, ginners, and producers. Some of the cases that have been reported indicate that personal contact would have cleared the case without notice through the mails. Insofar as practicable, those cases arising in a particular county or area should be forwarded to this Division in one lot.

Very truly yours,

I. W. Duggan

I. W. Duggan,
Director, Southern Division.